

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF
NEW DURHAM TOWNSHIP
LAPORTE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
02/01/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terri Stachowiak	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Curtiss A. Strietelmeier	07-01-12 to 06-30-16
President of the School Board	Wayne R. Hodge	01-01-12 to 12-31-12
	Tim Willis	01-01-13 to 12-31-13
	Nancy Milcarek	01-01-14 to 12-31-14
	Wayne R. Hodge	01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
NEW DURHAM TOWNSHIP, LAPORTE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of New Durham Township (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 17, 2015



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
NEW DURHAM TOWNSHIP, LAPORTE COUNTY, INDIANA**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of New Durham Township (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 17, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

Metropolitan School District of New Durham Township's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 17, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,032,208	\$ 5,444,853	\$ 5,916,901	\$ (81,579)	\$ 478,581	\$ 5,456,459	\$ 5,904,162	\$ 141,807	\$ 172,685
Debt Service	531,360	1,746,954	1,636,093	-	642,221	4,215,707	4,300,600	832	558,160
Retirement/Severance Bond Debt Service	22,411	82,107	125,120	20,603	1	397,261	324,878	(20,603)	51,781
Capital Projects	555,040	606,454	928,481	-	233,013	1,456,621	1,441,946	1,188	248,876
School Transportation	48,763	120,783	250,441	80,895	-	460,521	390,419	(70,102)	-
School Bus Replacement	92,348	126,462	172,240	-	46,570	256,607	179,738	(52,223)	71,216
Rainy Day	-	-	-	-	-	-	-	51,000	51,000
Retirement/Severance Bond	2,207	-	(1,163)	-	3,370	-	3,370	-	-
Construction GO Bond 2012	-	5,793	136,249	268,487	138,031	16	138,047	-	-
Construction GO Bond 2013	-	-	-	-	-	-	368,217	368,217	-
School Lunch	92,761	357,827	363,500	-	87,088	314,890	288,913	(33,327)	79,738
Textbook Rental	(310,482)	75,739	46,952	7,224	(274,471)	70,922	97,810	14,936	(286,423)
Levy Excess	8,958	-	-	-	8,958	-	-	-	8,958
Educational License Plates	94	75	-	-	169	56	-	-	225
SAFE School Haven	171	1,400	1,571	-	-	-	-	-	-
Courtyard 2004	748	-	309	-	439	160	187	-	412
Blue Chip Tax Dist	23,389	18,068	24,669	42	16,830	16,729	129	-	33,430
Gift Donations Bequests	305	4,220	471	131	4,185	20,290	20,552	1,312	5,235
FFA Fund	-	-	-	-	-	-	-	-	-
IN Diagnostic Assessment Study	-	2,339	3,461	-	(1,122)	1,122	-	-	-
Porter Trust Wellness Fund	-	3,150	779	-	2,371	-	-	-	2,371
Westville Little School	-	-	-	-	-	11,590	6,485	-	5,105
Instruction Support	(2)	27,320	25,747	-	1,571	28,164	26,496	-	3,239
Education Technology	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement	-	-	-	-	-	1,377	-	-	1,377
School Technology	-	6,231	6,231	-	-	6,228	6,228	-	-
Intelnet	-	-	-	-	-	-	-	-	-
4180 Title I	-	-	-	-	-	-	-	-	-
4190 Title I	586	19,753	20,339	-	-	-	-	-	-
4191 Title I	-	109,237	113,843	-	(4,606)	17,685	13,079	-	-
4192 Title I 13-14	-	-	-	-	-	98,824	103,775	-	(4,951)
(IDEA, Part B) LEA Capacity	-	-	-	-	-	-	-	-	-
Building (Silver) Grants	-	813	813	-	-	48,046	48,046	-	-
Drug Free Schools	(1)	1	-	-	-	-	-	-	-
Medicaid Reimbursement - Federal	-	-	-	-	-	6,987	300	-	6,687
Improving Teaching Quality,	-	-	-	-	-	-	-	-	-
No Child Left, Title II, Part A	-	11,830	13,306	-	(1,476)	10,677	9,201	-	-
Education Jobs	(1)	3,584	3,583	-	-	-	-	-	-
Payroll Fund	-	1,387,159	1,387,159	-	-	1,384,729	1,384,529	-	200
Totals	<u>\$ 2,100,863</u>	<u>\$ 10,162,152</u>	<u>\$ 11,177,095</u>	<u>\$ 295,803</u>	<u>\$ 1,381,723</u>	<u>\$ 14,281,668</u>	<u>\$ 15,057,107</u>	<u>\$ 403,037</u>	<u>\$ 1,009,321</u>

The notes to the financial statements are an integral part of this statement.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of timing differences between retiree health insurance payments and disbursement to the insurance company.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most of these are the result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by fiscal year end. For the Textbook Rental fund, the deficits are due to shortfalls in the tax collections and the circuit breaker caps, which resulted in disbursements exceeding receipts.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Metropolitan School District of New Durham Township Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$986,800 and \$999,800, respectively.

Note 10. Subsequent Events

The School Corporation issued General Obligation (GO) Bonds in May of 2015 in the amount of \$440,000. The proceeds of the GO Bonds were used for Roof Repair, Technology, and Westville Little School Project within the School Corporation.

Note 11. Postemployment Benefits

In addition to the pension benefits described above, the School Corporation provides post-employment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55. The School Corporation provides 53 percent of these postemployment benefits; the retirees provide 47 percent of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. For the school year ended June 30, 2013, (3) Retired Teachers were paid a retirement incentive of \$43,287. One Administrator was paid an incentive of \$14,400 and health insurance of \$2,299. For the school year ended June 30, 2014, (3) Retired Teachers were paid a retirement incentive of \$34,500 and one continuing Administrator was paid an incentive of \$1,785 and health insurance of \$7,086. These funds are held in reserve to pay health insurance premiums of qualified retirees for a limited time, in accordance with various governmental regulations.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,032,208	\$ 531,360	\$ 22,411	\$ 555,040	\$ 48,763	\$ 92,348	\$ -	\$ 2,207
Receipts:								
Local sources	23,024	978,864	35,061	606,454	24,933	126,462	-	-
Intermediate sources	2	-	-	-	-	-	-	-
State sources	5,421,827	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	768,090	47,046	-	95,850	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,444,853	1,746,954	82,107	606,454	120,783	126,462	-	-
Disbursements:								
Current:								
Instruction	4,009,496	-	-	-	-	-	-	-
Support services	1,800,560	30	-	295,920	180,761	73,406	-	(1,163)
Noninstructional services	99,194	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	219,092	-	-	-	-
Debt services	7,651	1,636,063	125,120	413,469	69,680	98,834	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,916,901	1,636,093	125,120	928,481	250,441	172,240	-	(1,163)
Excess (deficiency) of receipts over disbursements	(472,048)	110,861	(43,013)	(322,027)	(129,658)	(45,778)	-	1,163
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	13,249	-	-	-	6,670	-	-	-
Transfers in	27,399	-	30,690	-	91,537	-	-	-
Transfers out	(122,227)	-	(10,087)	-	(17,312)	-	-	-
Total other financing sources (uses)	(81,579)	-	20,603	-	80,895	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(553,627)	110,861	(22,410)	(322,027)	(48,763)	(45,778)	-	1,163
Cash and investments - ending	\$ 478,581	\$ 642,221	\$ 1	\$ 233,013	\$ -	\$ 46,570	\$ -	\$ 3,370

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Construction GO Bond 2012	Construction GO Bond 2013	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Courtyard 2004
Cash and investments - beginning	\$ -	\$ -	\$ 92,761	\$ (310,482)	\$ 8,958	\$ 94	\$ 171	\$ 748
Receipts:								
Local sources	5,793	-	170,562	49,616	-	-	-	-
Intermediate sources	-	-	-	-	-	75	-	-
State sources	-	-	-	26,123	-	-	1,400	-
Federal sources	-	-	187,265	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,793	-	357,827	75,739	-	75	1,400	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	681	46,952	-	-	1,571	-
Noninstructional services	-	-	362,819	-	-	-	-	-
Facilities acquisition and construction	136,249	-	-	-	-	-	-	309
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	136,249	-	363,500	46,952	-	-	1,571	309
Excess (deficiency) of receipts over disbursements	(130,456)	-	(5,673)	28,787	-	75	(171)	(309)
Other financing sources (uses):								
Proceeds of long-term debt	267,992	-	-	-	-	-	-	-
Sale of capital assets	495	-	-	7,224	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	268,487	-	-	7,224	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	138,031	-	(5,673)	36,011	-	75	(171)	(309)
Cash and investments - ending	\$ 138,031	\$ -	\$ 87,088	\$ (274,471)	\$ 8,958	\$ 169	\$ -	\$ 439

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Blue Chip Tax Dist	Gift Donation Bequests	FFA Fund	IN Diagnostic Assessment Study	Porter Trust Wellness Fund	Westville Little School	Instruction Support	Education Technology
Cash and investments - beginning	\$ 23,389	\$ 305	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ -
Receipts:								
Local sources	-	4,220	-	2,339	3,150	-	-	-
Intermediate sources	18,068	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	27,320	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	18,068	4,220	-	2,339	3,150	-	27,320	-
Disbursements:								
Current:								
Instruction	24,669	471	-	3,461	-	-	25,747	-
Support services	-	-	-	-	779	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	24,669	471	-	3,461	779	-	25,747	-
Excess (deficiency) of receipts over disbursements	(6,601)	3,749	-	(1,122)	2,371	-	1,573	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	42	131	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	42	131	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,559)	3,880	-	(1,122)	2,371	-	1,573	-
Cash and investments - ending	\$ 16,830	\$ 4,185	\$ -	\$ (1,122)	\$ 2,371	\$ -	\$ 1,571	\$ -

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Medicaid Reimbursement	School Technology	Intelnet	4180 Title I	4190 Title I	4191 Title I	4192 Title I 13-14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 586	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	6,231	-	-	-	-	-
Federal sources	-	-	-	-	19,753	109,237	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	6,231	-	-	19,753	109,237	-
Disbursements:							
Current:							
Instruction	-	-	-	-	20,339	113,843	-
Support services	-	6,231	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	6,231	-	-	20,339	113,843	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(586)	(4,606)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(586)	(4,606)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,606)	\$ -

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Fund	Totals
Cash and investments - beginning	\$ -	\$ (1)	\$ -	\$ -	\$ (1)	\$ -	\$ 2,100,863
Receipts:							
Local sources	-	1	-	-	-	-	2,030,479
Intermediate sources	-	-	-	-	-	-	18,145
State sources	-	-	-	-	-	-	5,482,901
Federal sources	813	-	-	11,830	3,584	-	332,482
Temporary loans	-	-	-	-	-	-	910,986
Other	-	-	-	-	-	1,387,159	1,387,159
Total receipts	813	1	-	11,830	3,584	1,387,159	10,162,152
Disbursements:							
Current:							
Instruction	-	-	-	-	3,583	-	4,201,609
Support services	813	-	-	13,306	-	-	2,419,847
Noninstructional services	-	-	-	-	-	-	462,013
Facilities acquisition and construction	-	-	-	-	-	-	355,650
Debt services	-	-	-	-	-	-	2,350,817
Nonprogrammed charges	-	-	-	-	-	1,387,159	1,387,159
Total disbursements	813	-	-	13,306	3,583	1,387,159	11,177,095
Excess (deficiency) of receipts over disbursements	-	1	-	(1,476)	1	-	(1,014,943)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	267,992
Sale of capital assets	-	-	-	-	-	-	27,811
Transfers in	-	-	-	-	-	-	149,626
Transfers out	-	-	-	-	-	-	(149,626)
Total other financing sources (uses)	-	-	-	-	-	-	295,803
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1	-	(1,476)	1	-	(719,140)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,476)	\$ -	\$ -	\$ 1,381,723

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 478,581	\$ 642,221	\$ 1	\$ 233,013	\$ -	\$ 46,570	\$ -	\$ 3,370
Receipts:								
Local sources	23,120	2,407,617	254,215	681,621	279,671	154,607	-	-
Intermediate sources	5	-	-	-	-	-	-	-
State sources	5,433,334	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	1,808,090	143,046	775,000	180,850	102,000	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,456,459	4,215,707	397,261	1,456,621	460,521	256,607	-	-
Disbursements:								
Current:								
Instruction	3,879,845	-	-	-	-	-	-	-
Support services	1,924,541	30	-	350,990	74,201	54,492	-	3,370
Noninstructional services	99,776	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	208,751	-	-	-	-
Debt services	-	4,300,570	324,878	882,205	316,218	125,246	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,904,162	4,300,600	324,878	1,441,946	390,419	179,738	-	3,370
Excess (deficiency) of receipts over disbursements	(447,703)	(84,893)	72,383	14,675	70,102	76,869	-	(3,370)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	15,630	-	-	185	2,757	-	-	-
Transfers in	401,163	168,388	22,844	1,003	84,586	-	51,000	-
Transfers out	(274,986)	(167,556)	(43,447)	-	(157,445)	(52,223)	-	-
Total other financing sources (uses)	141,807	832	(20,603)	1,188	(70,102)	(52,223)	51,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(305,896)	(84,061)	51,780	15,863	-	24,646	51,000	(3,370)
Cash and investments - ending	\$ 172,685	\$ 558,160	\$ 51,781	\$ 248,876	\$ -	\$ 71,216	\$ 51,000	\$ -

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction GO Bond 2012	Construction GO Bond 2013	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Courtyard 2004
Cash and investments - beginning	\$ 138,031	\$ -	\$ 87,088	\$ (274,471)	\$ 8,958	\$ 169	\$ -	\$ 439
Receipts:								
Local sources	16	-	145,361	45,677	-	-	-	160
Intermediate sources	-	-	-	-	-	56	-	-
State sources	-	-	-	25,245	-	-	-	-
Federal sources	-	-	169,529	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	16	-	314,890	70,922	-	56	-	160
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	20,000	345	97,810	-	-	-	-
Noninstructional services	-	-	288,568	-	-	-	-	-
Facilities acquisition and construction	138,047	348,217	-	-	-	-	-	187
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	138,047	368,217	288,913	97,810	-	-	-	187
Excess (deficiency) of receipts over disbursements	(138,031)	(368,217)	25,977	(26,888)	-	56	-	(27)
Other financing sources (uses):								
Proceeds of long-term debt	-	221,527	-	-	-	-	-	-
Sale of capital assets	-	146,690	-	14,936	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(33,327)	-	-	-	-	-
Total other financing sources (uses)	-	368,217	(33,327)	14,936	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(138,031)	-	(7,350)	(11,952)	-	56	-	(27)
Cash and investments - ending	\$ -	\$ -	\$ 79,738	\$ (286,423)	\$ 8,958	\$ 225	\$ -	\$ 412

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Blue Chip Tax Dist	Gift Donation Bequests	FFA Fund	IN Diagnostic Assessment Study	Porter Trust Wellness Fund	Westville Little School	Instruction Support	Education Technology
Cash and investments - beginning	\$ 16,830	\$ 4,185	\$ -	\$ (1,122)	\$ 2,371	\$ -	\$ 1,571	\$ -
Receipts:								
Local sources	-	20,290	-	1,122	-	11,590	-	-
Intermediate sources	16,729	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	28,164	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	16,729	20,290	-	1,122	-	11,590	28,164	-
Disbursements:								
Current:								
Instruction	129	7,311	-	-	-	-	26,496	-
Support services	-	12,252	-	-	-	135	-	-
Noninstructional services	-	-	-	-	-	6,350	-	-
Facilities acquisition and construction	-	989	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	129	20,552	-	-	-	6,485	26,496	-
Excess (deficiency) of receipts over disbursements	16,600	(262)	-	1,122	-	5,105	1,668	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	1,312	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,312	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,600	1,050	-	1,122	-	5,105	1,668	-
Cash and investments - ending	\$ 33,430	\$ 5,235	\$ -	\$ -	\$ 2,371	\$ 5,105	\$ 3,239	\$ -

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Medicaid Reimbursement	School Technology	Intelnet	4180 Title I	4190 Title I	4191 Title I	4192 Title I 13-14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,606)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,377	6,228	-	-	-	-	-
Federal sources	-	-	-	-	-	17,685	98,824
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>1,377</u>	<u>6,228</u>	-	-	-	<u>17,685</u>	<u>98,824</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	13,079	103,775
Support services	-	6,228	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>6,228</u>	-	-	-	<u>13,079</u>	<u>103,775</u>
Excess (deficiency) of receipts over disbursements	<u>1,377</u>	-	-	-	-	<u>4,606</u>	<u>(4,951)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,377</u>	-	-	-	-	<u>4,606</u>	<u>(4,951)</u>
Cash and investments - ending	<u>\$ 1,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,951)</u>

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,476)	\$ -	\$ -	\$ 1,381,723
Receipts:							
Local sources	-	-	-	-	-	-	4,025,067
Intermediate sources	-	-	-	-	-	-	16,790
State sources	-	-	-	-	-	-	5,494,348
Federal sources	48,046	-	6,987	10,677	-	-	351,748
Temporary loans	-	-	-	-	-	-	3,008,986
Other	-	-	-	-	-	1,384,729	1,384,729
Total receipts	48,046	-	6,987	10,677	-	1,384,729	14,281,668
Disbursements:							
Current:							
Instruction	44,844	-	-	-	-	-	4,075,479
Support services	3,202	-	-	9,201	-	-	2,556,797
Noninstructional services	-	-	-	-	-	-	394,694
Facilities acquisition and construction	-	-	300	-	-	-	696,491
Debt services	-	-	-	-	-	-	5,949,117
Nonprogrammed charges	-	-	-	-	-	1,384,529	1,384,529
Total disbursements	48,046	-	300	9,201	-	1,384,529	15,057,107
Excess (deficiency) of receipts over disbursements	-	-	6,687	1,476	-	200	(775,439)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	221,527
Sale of capital assets	-	-	-	-	-	-	181,510
Transfers in	-	-	-	-	-	-	728,984
Transfers out	-	-	-	-	-	-	(728,984)
Total other financing sources (uses)	-	-	-	-	-	-	403,037
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,687	1,476	-	200	(372,402)
Cash and investments - ending	\$ -	\$ -	\$ 6,687	\$ -	\$ -	\$ 200	\$ 1,009,321

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Lease Payment	Beginning Date	Ending Date
Governmental activities:				
Metropolitan School District of New Durham Township Building Corporation	School Construction	\$ 861,000	7/15/2011	7/15/2024
Metropolitan School District of New Durham Township Building Corporation	School Construction	<u>156,000</u>	8/15/2013	7/15/2020
Total of annual lease payments		<u><u>\$ 1,017,000</u></u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	School Construction	\$ 275,000	\$ 147,550
Notes and loans payable	School Construction	1,909,871	166,664
General obligation pension bond	Pension Benefits	<u>910,000</u>	<u>106,184</u>
Totals		<u><u>\$ 3,094,871</u></u>	<u><u>\$ 420,398</u></u>

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 469,780
Infrastructure	208,186
Buildings	23,960,098
Improvements other than buildings	207,430
Machinery, equipment, and vehicles	3,282,028
Construction in progress	2,000,000
Books and other	611,137
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Total capital assets	\$ 30,738,659
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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
NEW DURHAM TOWNSHIP, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of New Durham Township's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-004, 2014-005, 2014-006, 2014-007, and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Eligibility, Equipment and Real Property Management, Program Income, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-009. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

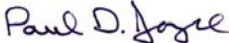
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, and 2014-008 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 17, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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METROPOLITAN SCHOOL DISTRICT NEW DURHAM TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 27,848 -	\$ - 21,405
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13 FY 13-14	178,289 -	- 174,294
Total - Child Nutrition Cluster				206,137	195,699
Total - Department of Agriculture				206,137	195,699
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	Project #12-4860 Project #13-4860 Project #14-4860	19,754 109,237 -	- 17,685 98,824
Total - Title I, Part A Cluster				128,991	116,509
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	A58-3-13DL-1505 99914-057-TA01 14212-057-PN01 14213-057-PN01 14214-057-PN01 A58-3-13DL-1477	- - 54,572 120,870 - 813	1,113 5,847 - 55,231 141,072 48,046
Total - Special Education - Grants to States				176,255	251,309
Special Education - Preschool Grants	Indiana Department of Education	84.173	45713-057-PN01 45714-057-PN01	5,153 -	2,610 5,497
Total - Special Education - Preschool Grants				5,153	8,107
Total - Special Education Cluster				181,408	259,416
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	Project #11-4860 Project #12-4860	8,836 2,994	- 10,677
Total - Improving Teacher Quality State Grants				11,830	10,677
Education Jobs Fund	Indiana Department of Education	84.410	FY 11-12	3,584	-
Total - Department of Education				325,813	386,602
Total federal awards expended				\$ 531,950	\$ 582,301

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 18,872.42	\$ 26,170.10

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Special Education Cluster and Qualified for the Child Nutrition Cluster
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Special Education Cluster
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2014-001- FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation has not separated incompatible activities related to receipts, vendor disbursements, payroll and related benefits disbursements, and cash and investment balances.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Treasurer issues the official receipts, records the receipts to the computerized accounting system, prepares the bank deposits, and takes the deposits to the bank. The Treasurer also prepares, records, and reconciles vendor (non-payroll) disbursements. In addition, the Treasurer independently performs the cash reconciliements of the record balances to the bank balances. The Payroll Clerk generates the payroll transactions and records them to the computerized accounting system without oversight or review. The School Corporation has not designed or implemented adequate segregation of duties such as an oversight, review, or approval process.

The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FINDING 2014-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

The Treasurer is responsible for preparing the SEFA. The SEFA for the 2012-2013 school year was originally not available for audit. After completion, the 2012-2013 SEFA was provided for audit without being subjected to an oversight, review, or approval process. The 2013-2014 SEFA was prepared in the Gateway reporting system; however, there was no evidence of an oversight, review, or approval process of the SEFA before submission.

The School Corporation failed to report federal expenditures of \$3,584 for the Education Jobs fund and \$48,859 for the Special Education - Grants to States program.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - ALLOWABLE ACTIVITIES/ALLOWABLE COSTS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Allowable Activities and Allowable Costs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that payroll disbursements are for only food service operating and administrative costs or that all accounts payable vouchers are for food service operating and administrative costs. An effective oversight, review, or approval process has not been established to ensure compliance with Allowable Activities and Allowable Costs requirements.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect on the programs.

FINDING 2014-004 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Cash Management.

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to three months' average expenditures in compliance with Cash Management requirements. There is no oversight, review, or monitoring of the cash balances.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

In the 2013-2014 school year, the balance in the School Lunch fund exceeded three months of average expenditures for four out of the twelve months.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.9 (b) states in part:

"(b) *Agreement.* Each school food authority approved to participate in the program shall enter into a written agreement with the State agency that may be amended as necessary. Nothing in the preceding sentence shall be construed to limit the ability of the State agency to suspend or terminate the agreement in accordance with §210.25. If a single State agency administers any combination of the Child Nutrition Programs, that State agency shall provide each school food authority with a single agreement with respect to the operation of those programs. The agreement shall contain a statement to the effect that the 'School Food Authority and participating schools under its jurisdiction, shall comply with all provisions of 7 CFR parts 210 and 245.' This agreement shall provide that each school food authority shall, with respect to participating schools under its jurisdiction:

- (1) Maintain a nonprofit school food service and observe the requirements for and limitations on the use of nonprofit school food service revenues set forth in §210.14 and the limitations on any competitive school food service as set forth in §210.11;
- (2) Limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved in accordance with §210.19(a); . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management requirements. In addition, we recommended the School Corporation comply with the Cash Management requirements.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-005 - ELIGIBILITY

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Eligibility compliance requirements.

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the determinations of eligibility for free and reduced price meals are accurate. Applications were not subject to review prior to notification of eligibility. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

The Food Service Office is responsible for notifying the household of their children's eligibility for benefits to which they are entitled. There is no evidence that the School Corporation notified parents of the approval or denial of their application. The School Corporation was also unable to provide a history of student applications for the 2012-2013 school year. We were not able to verify that benefits were discontinued when the period of eligibility expired for the 2012-2013 school year.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 245.6(c)(2) states:

"*Determination of eligibility*—(1) *Duration of eligibility*. Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year."

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 245.6(c)(6) states in part:

"Notice of approval—

- (i) *Income applications.* The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household.
- (ii) *Direct Certification.* Households approved for benefits based on information provided by the appropriate State or local agency responsible for the administration of the SNAP, FDPIR or TANF must be notified, in writing, that their children are eligible for free meals or free milk, that no application for free and reduced price school meals or free milk is required. The notice of eligibility must also inform the household that the parent or guardian must notify the local educational agency if they do not want their children to receive free benefits. However, when the parent or guardian transmits a notice of eligibility provided by the SNAP, FDPIR or TANF office, the local educational agency is not required to provide a separate notice of eligibility. The local educational agency must notify, in writing, households with children who are approved on the basis of documentation that they are *Categorically eligible*, as defined in §245.2, that their children are eligible for free meals or free milk, and that no application is required."

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Eligibility requirements. In addition, we recommended the School Corporation comply with the Eligibility requirements.

FINDING 2014-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements.

The School Corporation has not designed or implemented adequate policies and procedures to ensure that equipment purchased with federal program funds was properly recorded in the capital asset records. An oversight, review, or monitoring process has not been established.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

The School Corporation employs a separate entity to update and maintain their capital asset records. The capital asset records were not maintained in compliance with federal requirements. The capital asset records of the School Corporation did not include the percentage of federal participation in the cost, the acquisition date, or the serial number of the equipment.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 3016.32(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Equipment and Real Property Management. In addition, we recommended that the School Corporation comply with the Equipment and Real Property Management requirements.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-007 - PROGRAM INCOME

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Program Income.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that program income was properly recorded in the financial records. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

The School Corporation did not comply with requirements for accounting for program income generated from the operation of the food service program. All monthly receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund; prepayments were not recorded in a Prepaid Food Fund.

In addition, the supporting documentation for food sales from the School Corporation's food service computer system, Meal Time, did not support the amounts recorded in the School Corporation's financial accounting system.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines Vol.183)

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Program Income. In addition, we recommended that the School Corporation comply with the Program Income requirements.

FINDING 2014-008 - REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirements.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that the Annual Financial Report (AFR) and the Claims for Reimbursements (Claims) were accurate prior to submission. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Compliance

The School Corporation did not fully comply with the applicable reporting requirements of the programs. The School Corporation is required to complete and submit an AFR at the end of each fiscal year. The information reported in the AFR should reflect the financial transactions and position of the School Lunch fund and be supported by the accounting records. For the 2013-2014 school year, income and expenses reported in the AFR did not agree to the financial transactions of the School Lunch fund.

The School Corporation has implemented a point of sale system (Meal Time) to account for the number of meals served. The computerized system generates various monthly reports totaling meals served by category (Free, Reduced, and Paid). This is the basis for the Claim submitted to the state. However, the detailed reports generated by Meal Time did not agree with the monthly Claim's that were submitted to the state during the audit period in five of the twenty months.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Reporting. In addition, we recommended the School Corporation comply with the Reporting requirements.

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-009 - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

The School Corporation prepared a Summary Schedule of Prior Audit Findings (Summary Schedule) as required by OMB Circular A-133. We reviewed the Summary Schedule and noted that management had not taken corrective action as indicated concerning Finding 2012-2 - Reporting from the prior audit. The School Corporation indicated in the Summary Schedule that this finding had been corrected. However, there is a current finding, Finding 2014-008, for this same requirement of the Child Nutrition programs.

OMB Circular A-133, Subpart C, Section.315 states in part:

"(a) *General.* The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. . . .

(b) *Summary schedule of prior audit findings.* The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. . . .

(2) When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.

(3) When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule shall provide an explanation."

The failure to comply with the compliance requirements concerning the Summary Schedule places the School Corporation at risk of not receiving additional federal funding.

We recommended that the School Corporation review any corrective action listed in the Summary Schedule to ensure that an accurate Summary Schedule is prepared.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT of NEW DURHAM TOWNSHIP

207 E. Valparaiso Street, Westville, Indiana 46391-9712

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Administration

Curtis A. Strietelmeier, Ph.D., Superintendent
Alissa L. Schnick, Secondary Principal
Brian A. Ton, Elementary Principal
Jacob T. Stafford, Athletic Director/Asst. Principal

Board of Trustees

Wayne R. Hodge, President
Lynn M. Wilson, Vice President
Richard D. Oberle, Secretary
Mark D. Parkman, Deputy Secretary

State Board of Accounts
302 W Washington St
4th Floor, Rm E418
Indianapolis IN 46204-2765

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2

Original Assigned SBA Audit Report Number: B41786
Report Period: July 1, 2010 to June 30, 2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Curtiss Strietelmeier
Contact Phone Number: (219) 785-2239

Status of Audit Finding:

After contacting the point of sales vendor to confirm proper use of reports, lunch room cashiers began documenting instances where free lunch students received multiple lunches and reconciled with the proper report before the submission of reimbursement to the State.

Sincerely,



Curtiss A. Strietelmeier, Ph.D.
Superintendent of Schools

October 7, 2015

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Genevieve R. Hisick, Member

CORRECTIVE ACTION PLAN

FINDING 2014-001 -FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

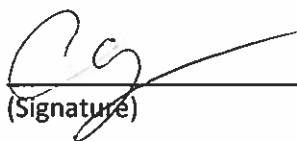
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Financial Transactions and Reporting:

- After June 30, 2016 IC 5-11-1-27(g) provides that the legislative body of each political subdivision must adopt the minimum internal control standards as defined by SBOA. Additionally, the legislative body must ensure that personnel receive training concerning the internal control standards and procedures adopted by the political subdivision. Immediate action will be taken to begin the process for compliance.
- Policies, job descriptions and forms for verification will be written to ensure internal controls will be in compliance with IC 5-11-1-27((g) in every aspect of financial recording.
- Indiana code 5-11-1-27(f) provides that the SBOA develop or designate approved personnel training materials concerning internal controls.
- Staff training will include Webinars posted on SBOA's website.
- The Administration will work with NEOLA, the materials provided through SBOA and our Board of Education to develop a manual for MSD of New Durham Township Internal Controls.

Anticipated Completion Date: July 1, 2016


(Signature)

Superintendent

(Title)

December 21, 2015

(Date)

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Genevieve R. Hisick, Member

CORRECTIVE ACTION PLAN

FINDING 2014-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

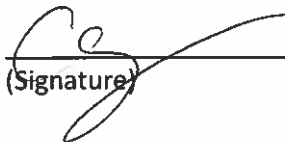
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

SEFA:

- Audit adjustments were proposed, accepted and corrected in Gateway by the corporation treasurer and approved by the Superintendent.
- Future SEFA reporting will be in accordance with OMB Circular A-133, Subpart C, Section 310 (b), Schedule of expenditures of Federal awards.

Anticipated Completion Date: Completed upon Audit


(Signature)

Superintendent

(Title)

December 21, 2015

(Date)

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Genevieve R. Hisick, Member

CORRECTIVE ACTION PLAN

FINDING 2014-003 – ALLOWABLE ACTIVITIES/ALLOWABLE COSTS

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

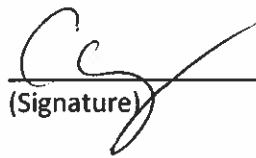
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Allowable Activities/Costs:

- Food Service Director approves invoices/timesheets
- Corporation Secretary reconciles invoices to appropriation report and approves vendors
- Superintendent approves invoices for payments
- Treasure enters invoice into Komputrol for payment and creates a voucher document for Superintendent and School Board approval before payment
- Superintendent approves check register after vendor checks are printed and before distribution/mailing
- Hourly employee supervisor reviews and enters timesheets in K-Time
- Deputy Treasurer verifies timesheets and enters payroll into Komputrol
- Treasurer reviews distribution report before payroll checks are printed and reviews check register after checks are printed
- Deputy Treasurer delivers payroll checks to employee supervisor for distribution
- Treasurer signs all vendor and payroll checks

Anticipated Completion Date: January 1, 2016



(Signature)

Superintendent

(Title)

December 21, 2015

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2014-004 - CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

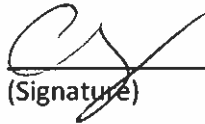
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Cash Management:

- In order to maintain a nonprofit school food service, the Food Service Director will create a plan for expenditure of School Lunch funds above the limit of three months' average expenditures
- This plan will be approved by the Superintendent before submission to the Indiana Department of Education
- This plan must be approved by the Indiana Department of Education
- The corporation treasurer reports fund balance monthly to the Food Service Director and the Superintendent

Anticipated Completion Date: Completed as of January 31, 2016



(Signature)

Superintendent

(Title)

December 21, 2015

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2014-005 - ELIGIBILITY

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

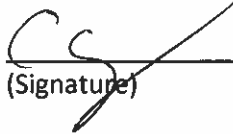
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Eligibility:

- Collection of applications for Free and Reduced Lunch at student registration
- Corporation Secretary will provide a list of students who qualify for free lunch as a result of direct certification to the Director of Food Services
- Corporation Secretary will provide a list of students who qualify for free lunch as a result of homeless status Director of Food Services
- Corporation Secretary will provide a list of students who qualify for free lunch as a result of foster child status Director of Food Services
- Cafeteria Manager will use Federal Guidelines to determine eligibility level for all applications
- Director of Food Services will review approval status
- Cafeteria Manager will update student status in MealTime.
- Cafeteria Manager will, within 5 days of application, develop a letter for each applicant to inform families of qualification
- Approval letters are reviewed and signed by Food Service Director
- Cafeteria Manager will, within 5 days of application, provide letters and a MealTime list of students who applied, to Corporation Secretary
- Corporation Secretary will review letters against list provided by Cafeteria Manager
- Corporation Secretary will mail letters within 5 days after review
- Cafeteria Manager will set all student status to not eligible at the end of the school year
- Director of Food Services will dispose of all applications per established guidelines

Anticipated Completion Date: October 1, 2016


(Signature)

Superintendent
(Title)

December 21, 2015
(Date)

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Genevieve R. Hisick, Member

CORRECTIVE ACTION PLAN

FINDING 2014-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

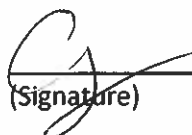
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Equipment and Real Property Management:

- Every other year, the Corporation will employ a separate entity to update and maintain capital asset records in compliance with OMB Circular A-133, Subpart C, section .300 and 7 CFR 3016.32 Subpart (d)
- Records must include serial or other identification number, the source of property, who holds the title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property
- The Director of Food Services will track all dispositions using an internal inventory system to ensure adequate safeguards to prevent loss, damage or theft of the property
- Director of Food Services will inform Corporation Secretary of Disposition of any items
- Disposition of items will follow approved district policy and procedures
- Deputy Treasurer will review a list from internal inventory system to ensure all federal required information has been entered for items purchased
- Deputy Treasurer will review a list from internal inventory system to ensure all federal required information has been entered for disposed items
- Director of Food Services will document and inform Superintendent of any items that have been lost, damaged or stolen
- Superintendent will investigate process by which items were lost, damaged or stolen

Anticipated Completion Date: March 1, 2016



(Signature)

Superintendent

(Title)

December 21, 2015

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2014-007 – PROGRAM INCOME

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

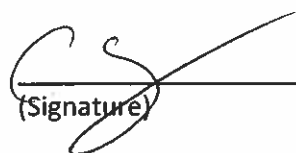
Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Program Income:

- Food Service Manager receives and receipts all directly prepaid income
- Director of Food Services reviews receipts and directly prepaid income and payments made through MealTime on-line
- Director of Food Services delivers all prepaid income to Treasurer
- Treasurer enters information of prepayment into Komputrol using Clearing Account Number 8400
- Deputy Treasurer takes money to the bank
- Cashiers collect all daily payments
- Cashiers reconcile drawer against MealTime readout
- Food Service Manager recounts all monies collected through daily payment and reconciles against MealTime readout and develops daily purchase and collection report
- Cashiers verify and sign off on Food Service Manager's MealTime report and Deposit Record
- Director of Food Services checks daily purchase and collection report
- Food Services Manager delivers all cash collected to Deputy Treasurer
- Deputy Treasure takes money to the bank

Anticipated Completion Date: January 1, 2016


(Signature)

Superintendent

(Title)

12/21/2015

(Date)

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FINDING 2014-008 - REPORTING

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Reporting:

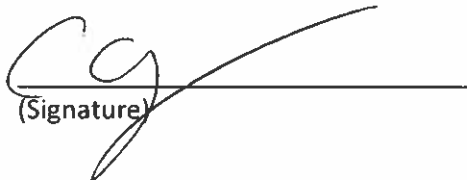
Internal Controls

- Food Service Director will review and sign-off on Annual Financial Report before it is submitted via Gateway by Treasurer

Compliance

- Food Service Director will review and sign-off on Annual Financial Report before it is submitted via Gateway by Treasurer
- Any errors or discrepancies will be noted and corrected prior to report submission

Anticipated Completion Date: September 15, 2016



(Signature)

Superintendent

(Title)

12/21/2015

(Date)

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Genevieve R. Hisick, Member

CORRECTIVE ACTION PLAN

FINDING 2014-009 - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Contact Person Responsible for Corrective Action: Curtiss Strietelmeier

Contact Phone Number: 219-785-2239

Description of Corrective Action Plan

Internal Controls over Financial Transactions and Reporting

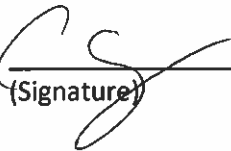
- The hiring of a Deputy Treasurer in response to the prior audit
- Increase the separation of duties between the corporation treasurer and deputy treasurer
- Establish an internal control policy in compliance with IC 5-11-1-27 (g)

Description of Corrective Action Plan

School Nutrition Claim for Reimbursement

- Contact with Mealtime to correct improper point of sales entry
- Review by Food Service Director of Mealtime point of sales to Mealtime monthly report
- Review by Corporation Treasurer of NSLP reporting with Mealtime monthly report

Anticipated Completion Date: January 31, 2016


(Signature)

Superintendent

(Title)

12/21/2015

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.